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Michigan Senate Finance Committee
Personal Property Tax Hearing
Troy Kennedy, Manager, US Property Tax
Brian O'Connell, Regional Director, State Government Relations
April 24, 2012

Dear Chairman Brandenburg and Committee Members:

General Motors supports Senate Bills 1065-1072 and urges the committee to support this legislation as it will provide important tax relief from the imposition of the tangible personal property tax on manufacturing machinery and equipment.

Since 2009, General Motors (GM) has made, or is in the process of making, significant investments in our Michigan facilities totaling more than \$3.5 billion enabling the creation or retention of almost 10,000 manufacturing or manufacturing related jobs. We are pleased to be a part of the job growth in this State. Even using a conservative economic multiplier at 5 to 1, our Michigan based investments have helped support 50,000 workers and their families. These workers pay income, sales, and property tax supporting state government, local units of governments and our schools. These investments will help enhance the ongoing viability of these facilities and the communities within which they operate.

GM's investment decisions in Michigan were made based on business case development where many factors such as operating costs, including personal property tax, were contemplated in the business decision model. As part of the business case development, New Personal Property Exemptions (PA328) were either secured from many municipalities, or were already in place. These municipalities agreed to and supported the elimination of the imposition of the tangible personal property tax on manufacturing machinery and equipment to help spur investment and retain or create jobs in their communities.

We believe passing this legislation eliminating this manufacturing machinery and equipment tax statewide is better than the piecemeal

approach associated with PA328 exemptions. What's more, the elimination of the significant compliance burden across the state on both taxpayers and municipalities makes great economic sense as well. The passage of this legislation sends a message Michigan wants to spur investments, keep and create manufacturing jobs here, and help attract potential new investments as businesses would have 100% certainty on how much they would pay in personal property tax. In addition, it places Michigan on competitive footing with other states that do not impose the personal property tax.

GM's Michigan facilities are in competition not only with external competitors but also internally to deliver on cost, quality, safety, and other targets that are benchmarked against other GM facilities. We must continue to make sound business decisions which impact our bottom line to make sure we design, build and sell the best vehicles. We know eliminating this manufacturing machinery and equipment tax helps enhance the viability and competitiveness of our facilities by reducing the personal property tax burden, and helps Michigan facilities look more attractive for future potential investments.

We ask this committee and the Legislature to help manufacturers like GM, our employees and our suppliers in Michigan by supporting this package of bills.